

The background of the entire page is a dense, repeating pattern of stylized, teardrop-shaped leaves in various shades of orange and yellow. The leaves are arranged in a way that creates a sense of depth and movement, as if they are falling or blowing in the wind. The overall color palette is warm and autumnal.

THE ARTS

A Driving Force in the
Lakes Area's Economy

WHAT OTHERS ARE SAYING ABOUT THE ARTS AND ECONOMIC IMPACT

"The arts are an important part of our communities that are often overlooked as a part of an economic development strategy. We are pleased to see the economic contribution of the arts measured and quantified in this report"

— Nancy Straw, President
West Central Initiative Fund

"In the last five days, visitors to the Prairie Renaissance Cultural Center on Main Street in Morris have come from Brainerd, Milwaukee, Albuquerque, and Abuja, Nigeria. These visitors aren't on Main Street running a quick errand in one store; they're taking their time in a town that is not known as a tourist mecca. After leaving our gallery, they might stop at the antique and gift store across the street, check out the local foods at our co-op food store, and then grab lunch at the non-profit coffeehouse down the street. "

— Athena Kildegaard, Director
Prairie Renaissance Cultural Alliance, Morris

"Theatre L' Homme Dieu has been part of the Alexandria community since 1960 and we know that rural community life is continually enhanced by the investment in its arts organizations and the cultural activities they promote. The arts provide a community a positive sense of identity and cohesion. Arts in our area have been a force for enhancing our community's identity and insuring our community remains a vibrant and prosperous place to live."

— LeVeda Holtberg, Marketing Director
Theatre L'Homme Dieu

"It is great to have verification that the arts are drawing from outside our region and adding to the economy."

— Rod Skoe, Minnesota State Senator

"An arts-based economy can enhance state efforts to diversity rural economies, generate revenue, improve the quality of life, and attract visitors and investment. Rural areas often feature various arts and cultural industries, which, with some assistance, can become productive economic sectors. In addition to stimulating substantial employment and tax revenues, arts enterprises are highly entrepreneurial, readily available in many communities, and attractive to tourists. The arts also create a highly desirable quality of life that draws businesses and knowledge workers to further stimulate the economy."

— *Strengthening Rural Economies through the Arts*
National Governors Association Center for Best Practices, 8/30/05

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The Arts: A Driving Force in the Lake Region's Economy is one of eleven regional studies conducted by Minnesota Citizens for the Arts (MCA) and the Forum of Regional Arts Councils of Minnesota (FRACM) in partnership with the Lake Region Arts Council and Americans for the Arts. This project was primarily funded by The McKnight Foundation. Additional partners include the Twin Cities Performing Arts Research Coalition funded by the Pew Charitable Trusts, and Minnesota Arts Communicators.

In addition, *The Arts: A Driving Force in Minnesota's Economy* provides a look at the full economic impact of the arts and culture statewide.

The report's partners work together to represent and serve communities across Minnesota and the nation, and to create opportunities for every American to participate in and appreciate the arts and culture.

All reports are available for downloading on MCA's website at www.mtn.org/mca.

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“Throughout McKnight’s history of arts and culture funding, we’ve consistently seen the great value the arts and culture bring to the quality of our communities. The arts and culture can play a central role in regional economic growth and vitality; investing in them is both good policy and good business.”

— Peg Birk, McKnight Foundation Interim President

“Understanding and acknowledging the incredible economic impact of the nonprofit arts and culture, we must always remember the fundamental value of the arts and culture. They foster beauty, creativity, originality, and vitality. The arts and culture inspire us, sooth us, provoke us, involve us, and connect us...but they also create jobs and contribute to the economy.”

— Robert L. Lynch, President and CEO, Americans for the Arts

“Arts organizations play an important role in building and sustaining economic vibrancy in our local communities. They provide meaningful employment, spend money locally, generate revenue, and are a cornerstone of tourism and economic development. Investing in the arts is good policy and good business.”

— Congressman James L. Oberstar

Invest in the Arts

By Sheila Smith, Executive Director, Minnesota Citizens for the Arts

The statewide report *The Arts: A Driving Force in Minnesota's Economy* reveals that the nonprofit arts and culture industry is a mover and shaker in Minnesota's economy, with **\$838.5 million** in annual economic activity that supports **22,095 full-time jobs** and generates more than **\$94 million in state and local government revenues**. The report also shows that Minnesotans are enthusiastic consumers of arts and culture: in 2004 total audience participation in the state was **14,487,592 million attendees**.

The message is simple: the nonprofit arts and culture are an important industry throughout the state contributing to Minnesota's bottom line and helping to create vibrant local economies. It's important to note that while it is no surprise that the Twin Cities metropolitan area supports a robust arts and culture economy, the reports also shows a significant economic impact in every other area of Minnesota. The eleven regional reports demonstrate that the excellence, scope, and diversity of cultural activity in every corner of the state go beyond contributing to Minnesota's quality of life: the arts and culture make a significant contribution to the state's economy.

The return on state arts and culture funding is dynamic. For a very small investment by the state of Minnesota, the arts and culture industry can be leveraged to create jobs, to revitalize both neighborhoods and rural communities, and to educate our children while helping to drive Minnesota's economy. Minnesota invests in the arts and culture primarily via grants from the Minnesota State Arts Board and Regional Arts Councils. Each legislative dollar invested is matched by local dollars. There is a return on investment to the state of nearly \$11 for every state dollar invested. That's economic development in action.

Study the Arts

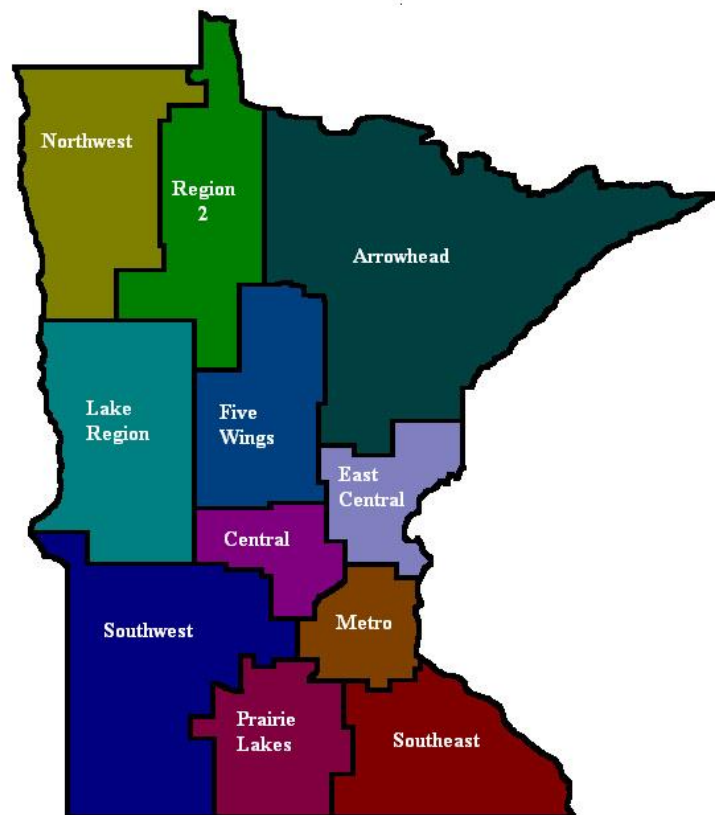
By Mary Minnick-Daniels, Chair of the Forum of Regional Arts Councils of Minnesota

As we work to improve the economy of our state, this report demonstrates the importance of the arts and culture as a contributor to the economic health of individual communities and the state as a whole. Other classic Minnesota industries such as mining, farming or financial services are frequently touted as important Minnesota industries, worthy of study and support; while the arts and culture have been used to demonstrate “quality of life” issues.

According to a 2001 report by the National Governor’s Association Center for Best Practices, “if states intend to build their economies on the jobs of the future and improve rural communities they must cultivate a creative workforce and attract arts and culture-based businesses.”

In offering this report for public discussion, we hope every citizen, every public official, every economic development director and every journalist will think seriously about the arts and culture and their value to both our economy and to our daily lives.

Minnesota’s
Arts Regions:



Findings: The Lake Region

The Arts: A Driving Force in the Lake Region's Economy provides compelling new evidence that the nonprofit arts and culture are a significant industry in the Lake Region—one that generates \$13.5 million in local economic activity. This spending—\$5.3 million by nonprofit arts and culture organizations and an additional \$8.2 million in event-related spending by their audiences—supports 433 full-time jobs, generates \$8.1 million in household income to local residents, and delivers \$1.6 million in local and state government revenue. This economic impact study sends a strong signal that when we support the arts and culture, we not only enhance our quality of life, but also invest in the Lake Region's economic well-being.

In 2002, Americans for the Arts published *Arts & Economic Prosperity*, the first-ever national study of the economic impact of spending by nonprofit arts organizations and their audiences. Detailed expenditure data were collected from 3,000 arts organizations and 40,000 arts attendees in 91 communities across 34 states. The national study focused solely on the economic impact of the nonprofit arts organizations and event-related spending by their audiences. Not included in the study was spending by individual artists, and the for-profit arts and entertainment sector. The objective of the national study was to document the experience of a cross-section of American communities and demonstrate the economic gain from investing in the arts and culture.

This report presents the findings of a new study measuring the economic impact of the nonprofit arts and culture industry in the Lake Region. It is part of a statewide effort to gather data on the economic impact of the arts and culture in

Minnesota, and is one of eleven regional studies in addition to a statewide study conducted in 2004-5. The methodology used is identical to the national study methodology, providing the ability to compare the results for the Lake Region with those of the national study participants. For the purposes of this study **the Lake Region includes Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin Counties.**

Defining Economic Impact

Full-Time Equivalent (FTE) Jobs describes the total amount of labor employed.

Resident Household Income (often called Personal Income) includes salaries, wages, and entrepreneurial income paid to local residents.

Revenue to Local and State Government includes funds to city, county, and state governments, and special districts. It includes taxes as well as license and filing fees, etc.

Economic Impact of the Nonprofit Arts and Culture Industry in the Lake Region

Total spending by nonprofit arts and culture organizations and their audiences totaled \$13.5 million in the Lake Region during 2004. The following table shows the direct economic impact of this spending—that is, the *initial* economic effect of these expenditures.

Direct Economic Impact of the Nonprofit Arts and Culture Industry in The Lake Region (Spending by Nonprofit Arts Organizations and their Audiences)

	The Lake Region
Total Expenditures	\$13,546,897
Full-Time Equivalent Jobs	296
Resident Household Income	\$5,090,000
Local Government Revenue	\$172,000
State Government Revenue	\$621,000

These direct economic impacts create an additional *indirect* economic impact on the Lake Region’s economy. Consider this example:

A theatre company purchases a gallon of paint from the local hardware store for ten dollars (that is the “direct economic impact”). The hardware store then uses a portion of the ten dollars to pay the sales clerk’s salary; the sales clerk re-spends some of the money for groceries; the grocery store in turn uses some of the money to pay its cashier; the cashier spends some for to pay his utility bill; and so on (these are the “indirect economic impacts”).

Thus, the original ten dollars from the theatre has been “re-spent” several times. The local expenditures will continue to have an economic impact on the local economy until the money eventually “leaks out” of the region (i.e., is spent non-locally). The total economic impact is the combination of the direct impact and the indirect impact. The table below details the total economic impact of spending by the Lake Region’s nonprofit arts and culture industry.

Total Economic Impact of the Nonprofit Arts and Culture Industry in The Lake Region (Spending by Nonprofit Arts Organizations and their Audiences)

	The Lake Region
Total Expenditures	\$13,546,897
Full-Time Equivalent Jobs	433
Resident Household Income	\$8,074,000
Local Government Revenue	\$379,000
State Government Revenue	\$1,237,000

Economic Impact of Nonprofit Arts and Culture Organizations in the Lake Region

Arts and culture organizations are responsible members of the business community. They are employers, consumers, members of the chamber of commerce, and key participants in the marketing and promotion of their cities and regions. Their spending in the Lake Region was \$5.3 million during fiscal year 2004. The impact of this spending

is far reaching: organizations pay their employees, purchase supplies, contract for services, and acquire assets. These actions, in turn, support jobs, create income, and generate government revenue.

Data were collected from 17 nonprofit arts and culture organizations in the Lake Region. Each provided budget data about more than 40 expenditure categories for fiscal year 2004 as well as their total attendance figures. No attempt was made to quantify the spending of non-respondents.

Direct Economic Impact of Spending by Nonprofit Arts and Culture Organizations in The Lake Region

	The Lake Region
Total Expenditures	\$5,315,425
Full-Time Equivalent Jobs	142
Resident Household Income	\$2,546,000
Local Government Revenue	\$90,000
State Government Revenue	\$69,000

Total Economic Impact of Spending by Nonprofit Arts and Culture Organizations in The Lake Region

	The Lake Region
Total Expenditures	\$5,315,425
Full-Time Equivalent Jobs	222
Resident Household Income	\$4,189,000
Local Government Revenue	\$181,000
State Government Revenue	\$356,000

Economic Impact of Nonprofit Arts and Culture Audiences in the Lake Region

The nonprofit arts and culture industry, unlike most industries, leverages significant event-related spending by its audiences. Attendance generates commerce for local businesses such as hotels, restaurants, and retail stores. For example, when patrons attend an event they may park their car in a toll garage, purchase dinner at a restaurant, and pay a babysitter.

To measure the impact of arts and culture audiences in the Lake Region, data were

collected from 627 event attendees during 2005. Researchers used an audience-intercept methodology, a standard technique in which the interviewer asks a patron to complete a survey about their event-related spending. To ensure reliability, surveys were collected at a diverse sample of events and exhibitions.

The 17 organizations that participated in the study reported that their total attendance to nonprofit arts and culture events during 2004 was 259,310. These 259,310 attendees spent a total of \$8.2 million—an average of \$31.74 per person, per event, *not including the cost of admission*.

Direct Economic Impact of Spending by Nonprofit Arts and Culture Audiences in The Lake Region

	The Lake Region
Total Expenditures	\$8,231,472
Full-Time Equivalent Jobs	154
Resident Household Income	\$2,544,000
Local Government Revenue	\$82,000
State Government Revenue	\$552,000

Total Economic Impact of Spending by Nonprofit Arts and Culture Audiences in The Lake Region

	The Lake Region
Total Expenditures	\$8,231,472
Full-Time Equivalent Jobs	211
Resident Household Income	\$3,885,000
Local Government Revenue	\$198,000
State Government Revenue	\$881,000

Out-of-Towners Spend More

In addition to spending data, survey respondents were asked to provide their home zip codes, enabling researchers to determine which attendees were local (i.e., reside within the Lake Region) and which were non-local (reside outside the Lake Region). In the Lake Region 49.8 percent of the 259,310 nonprofit arts and culture attendees were local; 50.2 percent were non-local.

Non-local arts and culture attendees spent an average of 155 percent more than local attendees (\$45.51 vs. \$17.84). As would be expected from a traveler, higher spending was found in the categories of lodging, meals, retail, and transportation. These data demonstrate that when a region attracts cultural tourists, it stands to harness significant economic rewards.

Event-Related Spending by Arts and Culture Audiences Totaled \$8.2 million in The Lake Region (not including the cost of event admission)¹

	Region Resident Arts Attendees	Region Non-Resident Arts Attendees	All The Lake Region Arts Attendees
Attendance Nonprofit Arts Events	129,035	130,275	259,310
Percentage of Attendees Resident/Non-Resident	49.8%	50.2%	100%
Average Dollars Spent Per Attendee	\$17.84	\$45.51	\$31.74
Total Event-Related Spending	\$2,302,243	\$5,929,228	\$8,231,472

Nonprofit Arts and Culture Event Attendees Spend an Average of \$31.74 Per Person in The Lake Region (not including the cost of event admission)¹

	Region Resident Arts Attendees	Region Non-Resident Arts Attendees	All The Lake Region Arts Attendees
Refreshments/Snacks During Event	\$2.91	\$3.66	\$3.29
Meals Before/After Event	\$4.54	\$9.56	\$7.06
Souvenirs and Gifts	\$5.75	\$9.09	\$7.43
Clothing/Accessories	\$1.41	\$2.28	\$1.85
Ground Transportation	\$2.33	\$8.48	\$5.42
Event-Related Child Care	\$0.68	\$1.12	\$0.90
Overnight Lodging (one night only)	\$0.16	\$9.11	\$4.65
Other	\$0.06	\$2.21	\$1.14
Average Event-Related Spending (Per Person)	\$17.84	\$45.51	\$31.74

Arts and Culture Volunteerism and In-Kind Contributions: An Economic Impact Beyond Dollars

The Arts: A Driving Force in the Lake Region's Economy reveals a significant contribution to nonprofit arts and culture organizations as a result of volunteerism. In 2004, 2,747 arts and culture volunteers donated 142,330 hours to the Lake Region's nonprofit arts and culture organizations. This represents a donation of time with an estimated value of \$2,497,892. While these arts and culture volunteers may not have an economic impact as defined in this study, they clearly have an enormous impact on their communities by assisting in keeping arts and culture organizations functioning as a viable industry.

The nonprofit arts and culture organizations surveyed for this study were also asked about the sources and value of their in-kind support (i.e., donated assets and services, such as office space). The 17 responding nonprofit arts and culture organizations in the Lake Region received in-kind contributions with a total value of \$347,662 during 2004 from businesses, local government, individuals, and other sources.

Surveys of Arts and Culture Organizations

Minnesota Citizens for the Arts and the Forum of Regional Arts Councils of Minnesota identified eligible nonprofit arts and culture organizations for this study. Generally, the organizations chosen were economically active non-profits with primary activities in the arts and culture area. The eligible organizations received a survey requesting detailed

information about their fiscal 2004 expenditures (labor, local and non-local artists, operations, materials, facilities, and asset acquisition) as well as their attendance figures. The responding organizations—ranging from opera, public radio stations, and historical museums to weaving societies and arts service organizations—had annual budgets ranging from \$0 to \$54,390,000. Response rates for the eleven regions averaged 27.0 percent, and ranged from 17.8 percent to 79.4 percent. Each region's results are based solely on the actual survey data collected from its nonprofit arts and culture organizations, not on fiscal projections or extrapolations. The sub-100 percent response rates in the eleven regions strongly indicate an understatement of the economic impact findings in all of the regions that are documented in this report.

In the Lake Region, 17 of the 87 eligible organizations identified by the Lake Region Arts Council responded to the survey, a response rate of 19.5 percent. The responding organizations had a range of budgets from \$6,267 to \$1,900,968.

Surveys of Arts and Culture Audiences

An audience-intercept methodology (patrons at nonprofit arts events are asked to complete a survey while attending the event) was used to measure spending by audiences at nonprofit arts and culture events during 2005. All eleven Minnesota regions collected data about audience spending. An average of 618 surveys was collected in each region at events ranging from museum exhibitions and arts festivals to opera performances and children's theater productions. The randomly selected respondents detailed

spending on attendance-related activities such as meals, souvenirs, transportation, and lodging.

Using total attendance data for 2004 (collected from the participating nonprofit arts and culture organizations), standard statistical methods were then used to derive a reliable estimate of total expenditures by attendees. The 6,889 audience-survey respondents were asked to provide information about the entire party with whom they were attending. With an average of more than three individuals per survey reported on, these data actually represent the spending patterns of more than 20,000 attendees to nonprofit arts organizations—significantly increasing the reliability of the data.

In the Lake Region, audience-intercept surveys were collected from 627 arts and culture event attendees during 2005.

Studying Economic Impact Using Input/Output Analysis

To derive the most reliable economic impact data, economists used the method of input/output analysis to measure the impact of expenditures by the local nonprofit arts and culture industry and its audiences. This method is a standard procedure for demonstrating the impact of expenditures on communities (and has also been the basis for two Nobel Prize awards in economics). It is well suited for this study because the models can be customized specifically to each region to measure the industry directly and through the commerce that the industry creates. An input/output model is a system of mathematical equations that combines statistical methods and economic theory. It traces how many times a dollar is “re-spent” within the local economy and the economic impact of each of those rounds of spending. (See the example of how a dollar can be re-spent on page five of this report.)

The model for each region is customized by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (e.g., County Business Patterns, Regional Economic Information System, Survey of State and Local Finance), local tax data (sales taxes, property taxes, and other local option taxes), as well as the survey data from nonprofit arts and culture organizations and their audiences.

Conclusion

The Lake Region stands out from the rest of the state in many ways. It tops the state (including the Twin Cities) in the percent of audience survey respondents who reside outside the region – 50.2 percent. It also has the second highest per capita spending of non-resident audience members (\$45.51), a very lucky combination that means that the Lake Region is doing a great job of attracting audiences and dollars from outside the region. In fact, spending by both non-residents (\$45.51) and residents (\$17.84) exceeded per capita statewide averages of \$36.89 and \$16.16, respectively. It is also second in the state in the total number of volunteers that donated time to arts and culture organizations (2,747). The region has the fourth largest arts economy in the state, behind only the Twin Cities, Duluth and Rochester areas. Finally, arts employment in the region is robust, with 271 jobs in the region making it third in the state in arts employment

In total, nonprofit arts and culture are a \$13.5 million industry in the Lake Region—one that supports 433 full-time jobs and generates \$1.6 million in local and state government revenue. Nonprofit arts and culture organizations in the Lake Region, which spend \$5.3 million annually, leverage a remarkable \$8.2 million in additional spending by arts and culture audiences—spending that pumps vital revenue into local restaurants, hotels, retail stores, parking garages,

and other businesses. *The Arts: A Driving Force in the Lake Region's Economy* demonstrates that investing in arts and culture yields significant economic benefits and lays to rest a common misconception: that communities support the arts and culture at the expense of local economic development. This report shows conclusively that that the arts are a driving force in the Lake Region's economy.

End Notes

1 The audience spending totals may not be exact due to rounding. For example, while the average per person expenditure by residents of the Lake Region is listed in this report as \$17.84, the actual figure used to calculate the total spending by residents included several decimal more points.

In Appreciation

This regional project is a collaboration of the **Forum of Regional Arts Councils of Minnesota** (RAC Forum) and **Minnesota Citizens for the Arts** (MCA), principle partners, with major funding provided by **The McKnight Foundation**. Additional partners include the **Twin Cities Performing Arts Research Coalition** (PARC) project funded by the Pew Charitable Trusts, and **Minnesota Arts Communicators**. Twelve studies were conducted statewide. The project was managed by MCA, while each of the state's eleven regional arts councils coordinated audience surveys and data release events in their own regions. **Americans for the Arts**, the study's national partner, created the economic models for the twelve studies, one for each region and one for the statewide study, and also provided secure web-based surveying tools.

Thank you to the following staff members and volunteers:

Project Manager: Sheila Smith, Minnesota Citizens for the Arts

Regional Coordinator: Maxine Adams, Lake Region Arts Council

Survey Collection: Maxine Adams, Paul and Stella Bridgeford

Americans for the Arts: Benjamin Davidson, Director of Research

RAC Forum Coordinator: Carolyn Bye, Metropolitan Regional Arts Council

Staff Support: Kate Hannaher and Jane Gelbmann, Minnesota Citizens for the Arts

Minnesota Citizens for the Arts

Minnesota Citizens for the Arts is a statewide arts and culture advocacy organization whose mission is to ensure opportunity for all people to have access to and involvement in the arts and culture. MCA organizes the arts and culture community and lobbies the Minnesota State Legislature and Congress on issues pertaining to the nonprofit arts and culture and conducts original research. MCA works with over 32,000 arts and culture advocates in Minnesota. For more information on MCA, this project or statistics about the arts and culture in Minnesota, please contact MCA Executive Director Sheila Smith at 651-251-0868, by email at she-mca@mtn.org, or view MCA's website: <http://www.mtn.org/mca>.

Lake Region Arts Council

The mission of the Lake Region Arts Council (LRAC) is to encourage and support the vitality of the arts in West Central Minnesota. LRAC provides grants and services to a nine-county area of West Central Minnesota that includes Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin counties. LRAC is one of eleven state-designated Regional Arts Councils whose primary function is to facilitate and encourage local arts development by providing funding and various forms of assistance for the creation and presentation of the arts. Funding for LRAC programs and services is provided through an appropriation from the Minnesota State Legislature and a grant from The McKnight Foundation. Contact LRAC at 218-739-5780, lrac4@charterinternet.com or www.charterinternet.com/lrac4.



The Forum of Regional Arts Councils of Minnesota

The Forum of Regional Arts Councils of Minnesota serves as the voice of and advocate for small arts and culture organizations and community-based arts and culture activities throughout Minnesota by working in partnership with the Minnesota State Arts Board, Minnesota Citizens for the Arts and others. The Forum's Chair is Mary Minnick-Daniels in Mora, 320-679-4065 extension 30 / ecac@ecrdc.org.

The Lake Region's Participating Nonprofit Arts Organizations

This study could not have been completed without the cooperation of the following 17 nonprofit arts and culture organizations in the Lake Region that provided detailed financial information about their organization:

Alexandria Area Arts Association, Alexandria. Art of the Lakes. Douglas County Historical Society, Alexandria. Evansville Arts Coalition, Evansville. Fargo Moorhead Area Youth Symphonies, Moorhead. Fargo-Moorhead Opera, Fargo. Fergus Falls A Center for the Arts. Fergus Falls Public Library, Fergus Falls. Finnish American Historical Society. Frazee Area Arts Association, Frazee. Friends of the Pelican Rapids Library, Pelican Rapids. Future Builders (in support of Trollwood Performing Arts School), Fargo. Grant County Historical Society, Elbow Lake. Lake Agassiz Arts Council, Fargo. Lake Region Arts Council, Fergus Falls. Northern Prairie Performing Arts, Fargo. Plains Art Museum, Fargo.

The Lake Region's Participating Arts Patrons

Additionally, this study could not have been completed without the cooperation of the 627 arts and culture patrons who generously took the time to complete the audience spending survey while attending one of the following arts and culture events in the Lake Region:

A Center for the Arts ("Concert in the Park"). Fergus Falls Area Chamber of Commerce ("Summer Fest Arts and Crafts Show"). Festival of the Lakes. Goosberry Park Players, (*The Wizard of Oz*). Historic Holmes Theater ("Louie Anderson and Scott Hanson"). Lake Region Arts Council ("Grants Workshop"). A Center for the Arts ("Minnesota Citizens for the Arts Annual Retreat"). New York Mills Cultural Center ("Great American Think Off"). Phelps Mill Festival. Theatre l'Homme Dieu (*Hello Dolly*). Town of Elbow Lake ("Flekka Fest").

Additional Economic Impact Studies

Americans for the Arts has conducted over 100 economic impact studies of the arts and culture in cities and states across America. For copies of these studies or for further information, refer to www.artsusa.org.

Appendix A: The Economic Impact of the Arts and Culture in Minnesota—A Statewide Perspective

This project included studies measuring the economic impact of the nonprofit arts and culture in each of Minnesota's eleven arts regions in addition to producing a report for the entire state.

Each study has utilized the same methodology, requiring the collection of accurate local expenditure data, as well as the development of an economic input/output model customized for each region using local, state, and federal tax and commerce information.

The statewide study, *The Arts: A Driving Force in Minnesota's Economy*, showed the arts and culture are an \$838.5 million industry in Minnesota. Arts and culture organizations spend \$485.8 million annually, while arts and culture audiences account for \$352.7 million. Together, spending by arts and culture organizations and

their audiences support more than 22,000 full-time equivalent jobs in Minnesota.

Copies of the statewide and eleven regional reports, and accompanying supporting materials, are available on Minnesota Citizens for the Arts' website, www.mtn.org/mca.

Appendix B: The Survey Toolkit for Arts and Culture Organizations in the Lake Region

Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Organizations in this Region

To make it easier to compare the economic impacts of different organizations and communities, the project researchers calculated the economic impact per \$100,000 of local spending by nonprofit arts and culture

organizations in the Lake Region. Thus, for every \$100,000 in spending by a nonprofit arts and culture organization, there was the following total economic impact in the Lake Region (see the table below):

Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Organizations in The Lake Region	
	The Lake Region
Full-Time Equivalent Jobs	4.18
Resident Household Income	\$78,808
Local Government Revenue	\$3,405
State Government Revenue	\$6,697

An Example of How to Use this Table

An administrator from a nonprofit arts and culture organization in the Lake Region that has total expenditures of \$300,000 wants to determine the organization's economic impact on full-time equivalent **employment** on the Lake Region. The administrator would:

- Determine the amount spent by the arts and culture organization;
- Divide the expenditure by 100,000; and
- Multiply that figure by the economic impact results per \$100,000.

Thus, \$300,000 divided by 100,000 equals three; three times 4.18 (from the table above) equals a total of 12.5 full-time equivalent jobs supported within the Lake Region by that nonprofit arts and culture organization's expenditures. The same estimate can be made for household income and revenues to local and state government (e.g., multiply three times \$78,808 to calculate the resident household income generated by that organization's expenditures).

Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Audiences in this Region

The impact of event-related spending by arts and culture audiences can be derived similarly to the calculation of economic impact for nonprofit arts and culture organizations. The first step is to determine the total event-related spending by attendees to arts and culture events (**excluding** the cost of admission). To derive this figure, multiply the average per person event-related

expenditure (found in the table below) by the total attendance to your organization’s arts and culture events. Using this total dollar figure, the table on the next page—*Economic Impact Per \$100,000 of Spending by Nonprofit Arts Audiences*—can be used to determine the total economic impact of audience spending, based on every \$100,000 of event-related spending.

Average Event-Related Spending Per Person by Arts and Culture Event Attendees in The Lake Region (not including the cost of event admission)

	The Lake Region
Refreshments/Snacks During Event	\$3.29
Meals Before/After Event	\$7.06
Souvenirs and Gifts	\$7.43
Clothing/Accessories	\$1.85
Ground Transportation	\$5.42
Event-Related Child Care	\$0.90
Overnight Lodging (one night only)	\$4.65
Other	\$1.14
Average Event-Related Spending (Per Person)	\$31.74

Economic Impact Per \$100,000 of Spending by Nonprofit Arts and Culture Audiences in The Lake Region

	The Lake Region
Full-Time Equivalent Jobs	2.56
Resident Household Income	\$47,197
Local Government Revenue	\$2,405
State Government Revenue	\$10,703

An Example of How to Use These Tables

An administrator wants to determine the economic impact of his organization's 5,000 arts and culture event attendees on full-time equivalent **employment** in the Lake Region. The administrator would:

- Determine the total audience spending by multiplying the average per person expenditure for the Lake Region by the total attendance;
- Divide the total audience spending amount by 100,000; and
- Multiply that figure by the economic impact results for the Lake Region per \$100,000.

Thus, 5,000 times \$31.74 (from the table on the preceding page—*Average Event-Related Spending Per Person by Arts Event Attendees*) equals \$158,700; \$158,700 divided by 100,000 equals 1.5870; 1.5870 times 2.56 FTE Jobs (from the table above) equals a total of 4.1 full-time equivalent jobs supported within the Lake Region. The same estimates can be made for household income and revenue to local and state government (e.g., multiply 1.5870 times \$47,197 to calculate the resident household income generated by that organization's audiences' expenditures).

Appendix C: Location of Minnesota's Arts Regions

Region	Definition
RG 1: Northwest Minnesota	Kittson, Marshall, Norman, Pennington, Polk, Red Lake and Roseau Counties
RG 2: North Central Minnesota	Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnommen Counties
RG 3: The Arrowhead	Aitkin, Carlton, Cook, Itasca, Koochiching, Lake and St. Louis Counties
RG 4: The Lake Region	Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin Counties
RG 5: The Brainerd Lakes Area (Five Wings)	Cass, Crow Wing, Morrison, Todd, and Wadena Counties
RG 6/8: Southwest Minnesota	Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift and Yellow Medicine Counties
RG 7E: East Central Minnesota	Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties
RG 7W: Central Minnesota	Benton, Sherburne, Stearns, and Wright Counties
RG 9: South Central Minnesota (Prairie Lakes)	Blue Earth, Brown, Faribault, LeSueur, Martin, Nicollet, Sibley, Waseca and Watonwan Counties
RG 10: Southeast Minnesota	Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties
RG 11: The Seven County Metro Area	Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties

